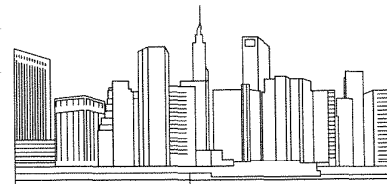
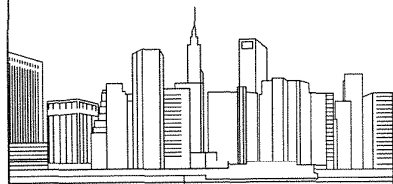


# HAWAII CONDOMINIUM BULLETIN



VOLUME 7 NO. 3

Funded through the Condominium Management Education Fund

SPRING 1999

## Association of Apartment Owners Reregistration Application Deadline Set by Commission As May 28, 1999

Associations of apartment owners (AOAO) registrations terminate on June 30, 1999. The Commission, at its February 26, 1999 meeting, set May 28, 1999 as the deadline for AOAOs to submit completed reregistration applications. The Commission anticipates sending AOAOs a new reregistration form in early April 1999. The forms have a new look and some questions previously asked are now optional.

The law requires each condominium project or association of

apartment owners with six or more apartments to register with the Commission. Condominium projects or AOAOs created pursuant to Act 180, SLH 1961, having seven or more apartments are required to register with the Commission. However, these AOAOs need not obtain a fidelity bond. Developers or managing agents are also required to register on behalf of the unorganized AOAO where the unorganized AOAO has not held a first meeting and it has been at least one year after recordation

*See Reregistration on pg. 6*

## Reserves Deadline of January 1, 2000 Is Fast Approaching

January 1, 2000 is fast approaching. Prior to that deadline date, condominium associations of apartment owners are required to assess and collect from apartment owners to fund either a minimum of fifty per cent of the estimated replacement reserves or one hundred per cent of the estimated replacement reserves using a cash flow plan. "Estimated replacement reserves" means the amount of funds which a reserve study has indicated is required to be collected during a budget year to establish a full replacement reserve (total year reserve amount) by the end of a budget year.

The budget and reserves law was adopted in 1991. Associations of apartment owners (AOAOs) have had ample

time to set aside reserves. Nevertheless, a good number of AOAO's are still reporting experiencing problems with having inadequate reserves. Some of the reasons reported for the inadequate reserves include questionable fiscal and property management practices. Many of the AOAOs with aging common elements report that they have made a decision to only collect 50% of estimated replacement reserves, keep maintenance fees unrealistically low, and have not adequately maintained the property.

Since 1991, the legislature has passed a number of measures to assist the reserves situation, including extending the deadline, lowering the minimum collection from 100% to 50% and in

*See Reserves on pg. 7*

## Commission to Hold its Working Committee Meetings in Kailua-Kona on May 14, 1999

The Real Estate Commission will convene standing committee meetings, in the Natural Energy Laboratory of Hawaii Authority's Conference Room, located at 73-4460 Queen Kaahumanu Highway, Kailua-Kona, Hawaii:

Friday, May 14, 1999

10:00 a.m. Laws and Rules Review Committee

11:00 a.m. Education Review Committee

1:30 p.m. Condominium Review Committee

(Times and locations may be subject to change.)

Members of the condominium community, real estate licensees, government officials, educators, and interested individuals and organizations are invited to attend and participate at these public meetings. Members of the Real Estate Commission, the Commission's staff, and the staff of the Hawaii Real Estate Research and Education Center will be present. The meetings will have set agenda items and an open forum time slot. The open forum time slot will be on a first come, first served basis, and

*See Meeting on pg. 7*

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**This material can be made available for individuals with special needs.  
Please call the Senior Condominium Specialist at (808) 586-2644 to  
submit your request.**



## Letter from the Chair...

Dear Condominium Owners, Board Members,  
and Managing Agents:

*We are in the midst of the Twentieth legislative session. There are a number of bills moving through the legislature that may impact condominium apartment owners, board of directors, association of apartment owners, condominium managing agents, and the registration of condominium projects for sale. In a future issue, we will be providing a report on bills which become law and which may impact condominium governance and condominium project registration.*

*Did you know that of the nine members on the Real Estate Commission, four members own condominium apartments; two members are owner-occupants of condominium apartments; three members who previously owned condominium apartments, and six of the nine members have experience serving on the boards of directors of a condominium association of apartment owners.*

*Irrespective of the commissioners' direct experience with condominium governance, the Commission feels that the evolving participation from the condominium community have greater impact and provide the "pulse" for planning ongoing and future condominium education programs. The condominium apartment owners, board members, and managing agents may provide the "pulse" every month at the Real Estate Commission's monthly Condominium Review Committee (CRC) meeting. The CRC is a standing committee of the Commission devoted to condominium issues and programs. Condominium apartment owners and managing agents in Hawaii and Maui will also have an opportunity to do the same. See next paragraph for details. Dates and locations of future CRC meetings appear in the bulletin.*

*On May 14, 1999 the Real Estate Commission will be holding its committee meetings on the neighbor island of Hawaii in Kailua-Kona. In July 1999, the Real Estate Commission will be holding its committee meetings on the island of Maui. Neighbor island condominium apartment owners, board members, and condominium managing agents should take advantage of these meetings for dialogue with committee members.*

*In closing, the Commission is about to finalize a contract to subsidize providers of condominium seminars from the Condominium Management Education Fund (CMEF) subject to the number of apartment owners of registered associations preregistering for the seminars. Each apartment owner contributes four dollars every two years to this fund when the association of apartment owners reregisters with the Commission. The Commission expends monies from this fund for educational purposes as defined by statute. More on this in later issues of the bulletin.*

Aloha,  
Alfredo G. Evangelista, Chair  
Condominium Review Committee

## Ask the Condominium Specialists

**Q.** Our association of apartment owners is planning its annual meeting. A long standing question which comes to haunt the board of directors at this same time every year is this. Is the mailing of the authorized standard proxy form with the annual meeting notice considered a solicitation by the board of directors? If it is, shouldn't the board follow the procedures of the condominium law and post notice of the board's intent to solicit proxies at least thirty days prior to its solicitation of proxies in prominent locations within the project?

**A.** A short general answer which is informal and non binding on the Real Estate Commission is no. The required mailing of any authorized standard proxy with the statutory required notice of an annual meeting is not a solicitation of proxies by the board or its members. As such, the mailing out of the proxies in this situation is not subject to the minimum posting requirements of section 514A-82 (b) (4), Hawaii Revised Statutes (HRS). That section, in part, prohibits a member of the board from soliciting proxies using the association of apartment owners (AOAO) funds. But a board member pursuant to section 514A-83.2 (c), HRS can solicit proxies as an apartment owner using the apartment owner's own funds. However, when a board member uses AOAO funds, only then will the board member be subject to the posting requirements of 514A-82 (b) (4) HRS. In addition, the proxy form must specifically authorize the board member to vote for the election or reelection of board directors.

This informal, non binding interpretation, which is subject to change without notice, is reasonably arrived at if the following provisions of the condominium law are read together in the following sequence:

1. Section 514A-82 (b) (3), HRS, requires a mailing out of a standard proxy form authorized by the AOAO. This is usually done by the registered condominium managing agent under the direction of the board of directors using AOAO funds.
2. Section 514A-83.2 (a) (3), HRS, requires at least four boxes be included in the proxy form and that the owner indicate that the proxy is given : for quorum purposes only; to the individual whose name is printed on a line next to the box; to the board of directors as a whole and the vote made on the preference of the majority of the board; or to the directors present at the meeting and the vote shared with each board member receiving an equal percentage.
3. Section 514A-83.2 (c), HRS, states that NO Officer of the board can use AOAO funds to solicit proxies

*See Q&A on pg. 7*

# Optional Directors & Officers Liability Insurance

The condominium law (section 514A-86, Hawaii Revised Statutes) among other requirements requires the association of apartment owners to purchase and maintain insurance for the common elements, all exterior and interior walls, floors, and ceilings against the loss or damage by fire. Flood insurance is also required for those condominiums located in an identified flood hazard area.

On the other hand, the condominium law allows for the optional purchase of directors' and officers' liability insurance. Exterior glass coverage is also optional. Premiums for the required insurance are common expenses.

At the beginning of the insurance policy and on each anniversary date the insurance carrier pursuant to the policy are required, in layman's terms, to provide the board of directors a written summary of the policy. The summary should include information about the type of policy, description of coverage and the limits thereof, amount of annual premium, and renewal dates. The board in turn are required to provide this information to each apartment owner.

The condominium law provides for minimum insurance requirements. However, the condominium project documents (declarations, bylaws, in some cases house rules) may require the association of apartment owners to obtain additional insurance. Board members, managing agents, and apartment owners should review the condominium law and the project documents for insurance requirements.

Reprinted here with the permission of the Community Association Institute Hawaii Chapter's an article, entitled "Directors & Officers Coverage" A Necessity (August 1998). Although the purchase of the directors and officers liability insurance is optional, the article discusses the importance of the directors and officers liability insurance and its protections.

The information provided herein is not intended to be used as a substitute for competent professional advice. Board of directors, apartment owners, managing agents are advised to consult with appropriate professionals regarding the insurance needs of the association of apartment owners.

**"Directors & Officers Coverage" A Necessity**  
By S. Savio, Insurance Associates, Inc.

The Directors and officers liability policy is designed to protect the association against financial loss due to indemnification of a board member. More importantly, it protects board members against personal liability suits when the association fails to indemnify.

Directors and officers liability insurance can be considered the most important coverage for Commu-

nity Associations today. All other insurance coverages protect the association against a financial loss. The directors and officers liability policy protects the association volunteers personally.

There are different types of D&O policies available in today's marketplace. However, some policies are more restrictive than others and may not provide the proper coverage. Each company has its own terms and conditions, and each policy should be reviewed carefully before making a decision. The coverage should never be purchased on price alone. Quality should come before price in your decision making process.

Here are some important things to ponder in determining the best directors and officers policy for your community association:

## Who is covered under Directors and Officers Policy?

The definition of insured should state all past, present and future elected or appointed directors, officers and trustees. Also, coverage should be extended to include the association, employees, committee members and other volunteer members acting on behalf of the association.

## What about Builder/Developer controlled boards?

Developer controlled boards are more likely to be subjected to lawsuits because of conflicts of interest which can exist in the developer/board member relationship. The complaints usually allege self-dealing and breach of fiduciary duty.

## Why choose a claims made policy?

A claims made policy covers only those claims brought against the directors and officers during the policy period. The policy should be written to include "Full Prior Acts Coverage." This means that the basis of coverage is the date the claim is first reported, regardless of when the action took place. The company will defend the claim as long as the insured had no prior knowledge of an instance that would rise to a claim.

## Defense for non-monetary damages?

The majority of all community association D&O liability suits are for non monetary damages. A non-monetary damage claim is when an action is brought against the board and the damage stated is other than for money damages. Claims for non monetary damages will seek either Declaratory or Injunctive relief. Declaratory relief asks the court to analyze a situation and rule whether it is right or wrong. Injunctive relief asks the court to stop a particular action. A wrongful towing of a car is a typical non-monetary damage claim. An example of Declaratory

relief vs. Injunctive relief is: (Declaratory) The unit owner sues to determine if the Board has the authority to tow the car away, and (injunctive) will also seek an injunction to stop the board from the action. Defense costs amount to \$30,000 for this type of claim.

#### **What about coverage for publisher's liability and personal injury?**

Coverage for such suits and libel, slander or defamation of character is normally excess of any other insurance. Normally, general liability policies provide protection only for the association. This is a very important coverage for the individual directors and officers and should be included in the policy.

#### **Is there an advantage to buying a directors and officers policy separately from the rest of your Insurance coverage?**

There is a definite advantage. Directors and officers coverage in a package policy is usually very restrictive in scope. Most policies exclude claims from the builder/developer, discrimination, personal injury and publisher's liability to name a few. In addition, if the policy is canceled due to property or casualty losses, then the directors and officers liability portion is also canceled.

#### **How are claims paid?**

Most directors and officers policies do not specify how costs are to be paid. However, coverage is generally provided on an indemnification basis. This means that the company will indemnify the directors and officers after the case has been litigated and it is determined that there is coverage under the policy. The policy should be written on a "duty to defend" basis. This means that the insurance company has to provide a defense if there is any possibility of coverage, and expenses are paid as the claim is litigated. Make sure your policy provides the option of advancing funds for defense costs.

#### **What about extra endorsements/exclusions?**

Most D&O policies exclude illegal or dishonest acts, bodily injury and property damage, ERISA, (or similar statutory law), and pollution/contamination. Some policies will also exclude discrimination, wrongful termination and sexual harassment related suits. These major exclusions should not be on the policy. Finally, you should check for additional endorsements to see if it limits coverage in any way. As always, seek the advice of a professional insurance agent for specific coverage questions.

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## **Administrative Actions**

A condominium managing agent and a condominium hotel operator must register with the Real Estate Commission prior to engaging in condominium managing agent activities and condominium hotel operations. Failure to maintain the requirements of registration subjects a condominium managing agent and a condominium hotel operator to disciplinary action by the Real Estate Commission. In this section of the bulletin, administrative actions taken by the Real Estate Commission are being reported.

Those interested in reviewing the public documents filed for any of the reported cases may arrange for this by calling or writing the Office of Administrative Hearings, Department of Commerce and Consumer Affairs. The phone number is: (808) 586 2828. The address is: 250 King Street, Penthouse, Honolulu, Hawaii 96813. The mailing address is: P.O. Box 541, Honolulu, Hawaii 96809.

The acronyms used in this section and what each represents are as follows:

RICO Regulated Industries Complaints Office — By law, this office receives, investigates, prosecutes consumer complaints for over forty professions, occupations, and programs including real estate licensees (brokers and salespersons) and the condominium property regime

REC# Case number relating to real estate complaints

CPR# Case number relating to condominium property regime complaints

#### **Robert H. Klaesson and Donna S. Klaesson - REC 96-3-L, -87-L, and 96-99-L**

On October 7, 1997, RICO filed a petition for disciplinary action against Respondents. RICO alleged that in 1981, Respondents formed a condominium management company on Kauai known as RHK, with Respondent Robert Klaesson as principal broker. In April 1994, Respondents sold RHK to a buyer, and the name of the company was changed. Respondent Robert Klaesson remained on as the principal broker until September 22, 1995. RICO alleged that Respondents arranged for "consulting fees" totaling \$88,839.78 to be paid to them from contractors they recommended that the associations they managed employ to repair property damage caused by Hurricane Iniki, although their receipt of these consulting fees were never authorized by the associations. RICO also alleged Respondents charged \$20,057.28 to the client trust accounts of three RHK condominium clients by making false book entries on those associations' financial statements and disbursement journals showing contractor charges that were never paid to the contractor but were instead withdrawn by Respondents themselves without disclosing the withdrawal to either the associations or the buyer.

In December 1995, the buyer filed a civil action against Respondents in U.S. District Court for rescission of the RHK transaction and the return of his purchase price, consequential damages and punitive damages. The court found, among other things, that Respondents diverted

client trust funds, made false accounting entries in RHK books, improperly commingled nonclient funds with client funds, caused RHK to receive \$81,244.68 unauthorized fees, and had a cash deficiency of over \$145,474.83 in the client trust account which RHK transferred to the buyer. The court also found that Respondents attempted to cover up the diversion of funds by making false and misleading entries in the associations' disbursement journals, requesting contractors to issue bogus "in-and-out" entries on their own books, leaving the funds in the client trust account rather than issuing a check to RHK for them, and removing from RHK's records the invoices and memoranda to the contractor which reflected the scheme.

Based on these findings, Respondents were found to have committed fraud.

RICO charged Respondents with violating HAR §§16-99-3(a) (licensee shall conduct business in accordance with this section), (b) (licensee shall protect the public against fraud, misrepresentation, or unethical practices), (c) (licensee shall not be a party to the naming of a false consideration in any document), (e) (broker shall keep client's moneys in an account separate from broker's own funds), (f) (agreements shall be in writing), (h) (broker will not accept commission, rebate, or profit without owner's knowledge and consent), (v) (licensee shall not convert other people's moneys to licensee's own use), 16-99-4(b) (client trust account records to be kept in accordance with standard accounting principles), (c) (broker not to commingle interest in client's trust account), (h) (principal brokers shall not commingle client's funds with other moneys), HRS §§467-14(8) (conduct constituting fraudulent or dishonest dealings), (15) (commingling), and (16) (converting other people's moneys to the licensee's own use).

The Hearings Officer recommended that Respondents' licenses be revoked for five years and that Respondents be fined \$10,000 to be paid within 60 days of the Commission's Final Order.

In its Final Order, the Commission ordered revocation of Respondent Robert Klaesson's broker's license and Respondent Donna Klaesson's salesperson's license and said Respondents may not reapply for a license for five years. In addition, the Commission assessed \$5,000 for each violation and fined Respondent Robert Klaesson

\$65,000 and Respondent Donna Klaesson \$50,000, with both fines to be paid within 60 days of the Commission's Final Order. The Commission approved the Final Order on July 24, 1998.

#### **Kumulani Vacations and Realty, Inc., dba Kumulani Rentals and David William Cudlipp - REC 98-28-L**

RICO received complaints that Respondents failed to properly handle the management of a condominium rental located in Kihei, Maui. Respondents did not admit violating any licensing statute or regulation but entered into a Settlement Agreement Prior to Filing of Petition for Disciplinary Action to avoid further controversy and expense. Respondents agreed to pay a \$500 civil penalty to be stayed so long as Respondents comply with terms of the Settlement Agreement. Respondents further agreed to pay restitution of \$198.30 within 30 days of Commission approval of the Settlement Agreement.

The Commission approved the Settlement Agreement on August 28, 1998.

#### **Ronald A. Kawahara and Destination Maui, Inc., dba Ronald A. Kawahara Realty - REC 95-125-L and REC 96-50-L**

This matter was referred to the Department of Commerce and Consumer Affairs because of alleged violations of HRS §467 and the rules adopted pursuant thereto. Respondents neither admitted nor denied violations of 467-14 (7) (failing to account for moneys belonging to others) and (10) (permitting a corporate officer or employee who does not hold a real estate broker's license to have direct management of the brokerage business) and HAR §§16-99-3(a) (failure to fully protect the general public in its real estate transactions) and (m) (there shall be a principal broker or broker in charge at the principal place of business). By way of compromise, Respondents agreed to pay a \$500 fine within 30 days of Commission approval of the Settlement Agreement Prior to Filing of Petition for Disciplinary Action. Respondents further agreed to pay 1/5 restitution upon signing of the Settlement Agreement.

The Commission approved the Settlement Agreement on September 25, 1998.

### **Hawai'i Civil Rights Commission Presentation on Unlawful Discrimination in Timeshare Sales and Marketing**

The Hawai'i Civil Rights Commission (HCRC) will present a seminar on unlawful discrimination in real property transactions under federal and state law as it relates to the sale and marketing of time share/vacation ownership plans or programs in Hawai'i.

**On O'ahu - Friday, April 23, 1999; from 8:00 a.m. to 12:00 p.m.; at the Dept. of Labor and Industrial Relations Conference Room, 830 Punchbowl St, 3rd Floor, Room 310.** This public education program is presented free of charge. Please RSVP the HCRC office at 586-8636, by April 19.

The HCRC strongly urges all persons connected with time share sales presentations, including sales managers, supervisors, marketers, real estate agents/brokers, acquisition agents (outside person contacts), as well as other interested employees to attend. By presenting these seminars, the HCRC is encouraging all time share/vacation ownership operators to voluntarily comply with the law. The HCRC will active pursue investigation and enforcement action against those operators who continue to operate in violation of the law.

To contact the HCRC, please call 586-8636 or write to: Hawai'i Civil Rights Commission, 830 Punchbowl Street, Room 411, Honolulu, HI 96813.

*Reregistration from pg. 1*

of the first purchase of the first apartment in the condominium project. Under these circumstances, the developer or managing agent is not required to obtain a fidelity bond for the unorganized AOA.

AOAOs are strongly encouraged to register early to avoid the processing jam that occurs near the deadline. Historically, those who register at the last minute have the highest incidence of deficiencies and incur penalty fees.

Persons responsible for registering AOAOs may find the following information helpful to "acing" the upcoming AOA registration:

<b>Biennial Registration Period</b>	June 30, 1999- June 30, 2001
<b>Deadline for submittal of completed reregistration application</b>	May 28, 1999, Friday <ul style="list-style-type: none"><li>• submit application to the Commission by close of business day 4:30 P.M. or</li><li>• postmark application by midnight of May 28, 1999.</li></ul>
<b>Deadline for submittal of fidelity bond exemption application</b>	April 28, 1999, Wednesday <ul style="list-style-type: none"><li>• submit application to the Commission by close of business day 4:30 P.M. Or</li><li>• postmark application by midnight of April 28, 1999.</li></ul>
<b>Persons AOAOs have authorized to reregister for AOAOs</b>	Officers of the association, employee managers of the association, registered condominium managing agents, developers, 100% sole owners
<b>Submit Complete Re-Registration Form</b>	A complete reregistration form includes supplying all the requested information and signing the following forms: <ul style="list-style-type: none"><li>• responsibility form, "Responsible AOA Registration Application Person and AOA Contact Person to Receive Correspondence and Telephone Calls from the Commission"</li><li>• reregistration form with information requested</li><li>• Certification Statement of Insurance or Certificate of Insurance</li></ul>
<b>Submit Evidence of Fidelity Bond</b>	Real Estate Commission will accept either; <ul style="list-style-type: none"><li>• Certification Statement of Insurance completed and signed by the insurance company; or</li><li>• Certificate of Insurance completed and signed by the insurance company*</li></ul>
<b>*Payment of Reregistration Fee</b>	\$50.00 non-refundable reregistration fee plus the Condominium Management Education Fund fee
<b>Condominium Management Education Fund Fee (CMEF)</b>	\$4 per apartment, regardless of its use (commercial, parking, agricultural etc) and regardless of whether the AOA owns the apartment.
<b>Impact of Non Registration / Late Reregistration</b>	<ul style="list-style-type: none"><li>• AOA cannot maintain any action or proceeding in court including an action to collect or to foreclose any lien for common expenses or other assessments until it registers.</li><li>• Subject to disciplinary action.</li><li>• Treated as a new applicant subject to initial registration requirements.</li><li>• Require payment of penalty fee of \$50.00 plus 10% of the CMEF fee due.</li><li>• Total fees on late reregistration: \$100 plus CMEF fees, plus 10% of the total CMEF fee due.</li></ul>
<b>Mail or deliver completed AOA registration application and fees to</b>	Real Estate Branch; Association Registration 250 S. King Street, Room 702 Honolulu, Hawaii 96813

**\*The law requires the association to report immediately in writing to the Commission any changes to the information contained on the registration or reregistration application including cancellation of fidelity bond coverage.**

*Q&A from pg. 2*

but the officer can solicit as an apartment owner subject to section 514A-82 (b) (4), HRS.

4. Section 514A-82 (b) (4), HRS, starts with the term "No member of the board of directors who uses association funds to solicit proxies shall cast any of these proxy votes for the election or reelection of board members at any association meeting unless the proxy form specifically authorizes...." and ends with the "board" has to post the notice of "its" intent to solicit proxies prior to "its" solicitation of proxies.

A formal binding answer may be obtained by filing a petition for declaratory relief. Forms and more information about the procedures for filing a petition may be obtained by calling any condominium specialist at the Real Estate Commission at 586-2646.

Alternatively, you may submit the question to arbitration in accordance with section 514A-121, HRS. This section does require, upon request, a dispute with the association of apartment owners or a condominium managing agent relat-

ing to the interpretation, application, or enforcement of the association's declaration, bylaws, or house rules, or Chapter 514A, shall be submitted to arbitration. Arbitration services can be obtained through the following:

American Arbitration Association, 225 Bush Street, 18th Floor, San Francisco, CA 94104, Note local phone number: Telephone: (808) 531-0541

Dispute Prevention & Resolution, Pauahi Tower, Suite 1155, 1001 Bishop Street, Honolulu, Hawaii 96813, Telephone: (808) 523-1234

Another option to settle condominium disputes is to file for mediation through the Neighborhood Justice Center of Honolulu, 200 N. Vineyard Blvd., Suite 320, Honolulu, Hawaii 96817, telephone (808) 521-6767.

Maui residents may contact the Maui Mediation Services of Maui: Cameron Center, 95 Mahalani Street, Wailuku, Maui 96793; telephone 244-5744.

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*Reserve from pg. 1*

1997, passing the cash flow plan. A number of AOAOs have reported that the cash flow plan has helped and that they anticipate meeting the January 1, 2000 deadline.

The National Reserve Study Standards of the Community Associations Institute defines "cash flow" and "per cent" funded reserve methods:

"Cash Flow Method:" A method of developing a Reserve Funding Plan where contributions to the Reserve Fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

"Percent Funded:" The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

A "cash flow plan" is defined in section 514A-83.6, Hawaii Revised Statutes (HRS) as: "... a minimum twenty-year projection of an association's future income and expense requirements to fund fully its replacement reserves requirements each year during that twenty-year period, except in an

emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period, except in an emergency." The Commission has received reports that this cash flow plan is calculated by using the cash flow method described above.

AOAOs still struggling with reserves may want to investigate whether the cash flow method would be of some help **as some AOAOs have reported positive results.** Section 514A-83.6, Hawaii Revised Statutes, and Subchapter 6 of Title 16, Chapter 107, Hawaii Administrative Rules, provide information about the laws and rules relating to reserves. Unofficial copies of the reserve law and rules may be obtained from the DCCA's cashiers office located on the 3rd floor of the Kamamalu Building 1010 Richards Street for \$2.75. Information about conducting reserve studies and funding reserves may be obtained from the various reserves professionals. Names and telephone numbers of these professionals may be obtained by asking registered condominium managing agents and other professionals involved with condominium management.

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*Meeting from pg. 1*

the Chair reserves the right to limit the time due to the number of participants. If you have a specific concern and would like to address the Committee on the concern, please contact the Commission's office toll-free from the Island of Hawaii at 974-4000, extension 62643 or at 586-2643 immediately for additional assistance.

A brief description of issues facing the Condominium Review Committee is included here for those who may be interested in attending the meeting.

**Condominium Review Committee.** Chapter 514A, Hawaii Revised Statutes ("HRS"), Condominium Property Regime and Chapter 107, Hawaii Administrative Rules ("HAR"), condominium projects and public reports, sales to owner occupants, condominium governance and management, condominium association registration, condominium dispute resolution program, condominium managing agent registration, condominium education programs, condominium management education fund, Hawaii Real Estate Research and Education Center, etc. and Chapter 421H, HRS, Limited Equity Cooperatives.



## Remaining Real Estate Commission Meeting Schedule for 1999

Condominium Review Committee (1:30 p.m.)	Real Estate Commission (9 a.m.)
Wednesday, April 14, 1999 – Kapuaiwa Room	Friday, April 30, 1999 – Kapuaiwa Room
Wednesday, May 14, 1999 – See notice on page 1	<b>Thursday</b> , May 27, 1999 – Kapuaiwa Room
Wednesday, June 9, 1999 – Kapuaiwa Room	Friday, June 25, 1999 – Kapuaiwa Room
Wednesday, July 8, 1999 – Maui (TBA)	Thursday, July 29, 1999 – Kapuaiwa Room
Wednesday, August 11, 1999 – Kapuaiwa Room	Friday, August 27, 1999 – Kapuaiwa Room

Kapuaiwa and Kuhina Nui Rooms

HRH Princess Victoria Kamamalu Bldg., 1010 Richards Street, 2nd Floor, Honolulu, HI

Subject to change. Please reconfirm dates, times and location with commission staff. Phone 586-2643.

### Education Calendar

This calendar lists upcoming educational events of interest to the condominium community. The publishers express no opinion about the quality or content of any event they do not sponsor. This listing should not be construed as an endorsement or sponsorship of any event, unless expressly indicated. Events may be subject to change; please check directly with the provider to confirm each event.

Date	Time	Course Title	Location	Provider
4/99	TBA	Risk Management, Ins and Aribal Esquef of International Consulting Solutions	TBA	CCM
4/6-7/99	TBA	10th Annual Condo & Commercial Property Expo	Neil Blaisdell Exhibition Hall	ADT
4/15/99	luncheon	How to Build a Community, Speaker; Bill Overton	Hale Koa Hotel	CAI-H
4/21/99	3:00	BOD's Meeting South	KCA Office	CCM
4/21/99	8:30-noon	Opportunities on the Internet Speaker; Richard Emery	Hale Koa Hotel	CAI-H
4/22-23/99	8:00-5:00	ASM 604 Measuring Performance of Real Estate Assets	Outrigger Prince Kuhio	IREM
5/99	TBA	Landscaping Program	TBA	CCM
5/19/99	3:00	BOD's Meeting South	KCA Office	CCM
5/20-22/99		CAI's 46th National Conference	Denver, Colorado	CAI
5/27/99	luncheon	Almost Free Legal Advice, Speaker; Steve Elisha	Hale Koa Hotel	CAI-H

For full information on the above-listed courses, please call the provider.

	Provider	Phone	Address
ADT –	Association Development Technologies	988-6670 (Oahu)	
CAI –	Community Associations Institute (National)	(703) 548-8600	1630 Duke St., Alexandria, VA 22314
CAI-H –	Community Associations Institute (Hawaii Chapter)	488-1133 (Oahu)	P.O. Box 976, Honolulu, HI 96808
CCM –	Condominium Council of Maui	879-8847 (Maui)	P.O. Box 647, Kihei, HI 96753
HAC –	Oahu ARM Committee	523-6096 (Oahu)	1571 Piikoi St. #506, Honolulu, HI 96822
HCAAO –	Hawaii Council of Associations of Apartment Owners	533-2528 (Oahu)	677 Ala Moana Blvd., Suite 701, Honolulu, HI 96813
HICLE –	Hawaii Institute for Continuing Legal Education	956-6551 (Oahu)	2515 Dole Street, Suite 203, Honolulu, HI 96822
IREM –	Institute of Real Estate Management	737-4000 ext106 (Oahu)	1136 12th Ave., Suite 220, Honolulu, HI 96816
	Hawaii Chapter No. 34	1-800-837-0706	
UH-SPP–	Special and Professional Programs	956-8244 (Oahu)	2530 Dole St., Honolulu, HI 96822
	College of Continuing Education, University of Hawaii		

Real Estate Branch and Real Estate Commission's homepage at: <http://www.hawaii.gov/hirec>

Address: 250 S. King St., Rm. 702; Honolulu, HI 96813; Phone: 586-2643

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